



STATEMENT BY DEPUTY ASSISTANT SECRETARY VICKI BOTT

Tuesday, August 10, 2010

“Last week, FHA Commissioner David H. Stevens announced plans for implementing FHA’s new mortgage insurance premium structure. As we work to publish a Mortgagee Letter, it is our intention to announce that based on industry feedback and our desire to have this change implemented successfully in the marketplace, FHA will make the premium fee changes on all new case numbers effective **October 4, 2010**.

“Over this past week, the industry responded with support of the new fee structure, but voiced strong concern about having system changes ready in time to meet the original September 7, 2010 deadline. Since these system changes impact regulatory disclosures, lenders expressed they must have the additional time to implement and test systems. FHA took this feedback seriously and has accommodated the need for additional time.”

Note:

FHA will lower its upfront premium simultaneously with the increase to the annual premium. FHA’s upfront mortgage insurance premium will be adjusted down to 100 basis points on all amortization terms and the annual mortgage insurance premium will increase to 85-90 basis points on amortization terms greater than 15 years